

**CALIFORNIA  
ENERGY  
COMMISSION**

**SUPPLEMENTAL INSTRUCTIONS  
AND ERRATA TO THE  
FORMS AND INSTRUCTIONS FOR THE  
ELECTRICITY RESOURCES AND BULK  
TRANSMISSION DATA SUBMITTAL**

**Prepared for the  
2005 Integrated Energy Policy Report**

**COMMITTEE REPORT**

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# **CALIFORNIA ENERGY COMMISSION**

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## **DISCLAIMER**

This report was prepared for the California Energy Commission's Integrated Energy Policy Report (Energy Report) Committee to be consistent with the objectives of the 2003 and 2004 Report, Energy Action Plan and various other State policies, regulations and legislation. The report is scheduled for adoption on March 2, 2005. The views and recommendations contained in this document are not official policy of the Energy Commission until the report is adopted.

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## Background

This brief report describes additional information relating to key electricity resource scenarios and uncertainties that parties are requested to file by April 1, 2005.

This report is slightly modified from a staff proposal that was published in the January 2005 *Forms and Instructions for the Electricity and Bulk Transmittal Data Submittal*, Publication Number CEC-100-2005-002-CMF. The staff proposal was on pages 53-59 of the forms and instructions document that was adopted on January 19, 2005. This report also summarizes the filing instructions for the information on scenarios and uncertainties.

On February 15, 2005, the *2005 Energy Report* Committee held a workshop to receive comments from staff, stakeholders, the California Public Utilities Commission (CPUC), and other interested parties. Several parties offered comments, advice, questions, and insights on how better to understand and assess key risks and uncertainties facing the state's and region's electricity system. In particular, the *Energy Report* Committee requested comment from the CPUC staff and other parties on whether the information to be provided by filers and appraised by staff would be sufficient to establish a range of capacity and energy need through the 2016 forecast period. Some participants believed that load serving entities should go beyond the staff proposal regarding particular risk exposures.

Written comments on the staff proposal were requested by February 22, 2005. Three parties submitted written comments: an investor-owned utility, a merchant generator, and a public interest group with environmental concerns.

Several stakeholders have begun work to compile and submit the information requested on electricity resources and bulk transmission planning. Staff at these Load Serving Entities (LSEs) have identified errata in the forms and instructions that were adopted on January 19, 2005. Herewith is an opportunity to correct these minor errata concurrently with the request for supplemental information on uncertainties and risk assessments.

## General Instructions

### ***Who Must File, What Must be Filed, and When***

The previously adopted forms and instructions provide direction to parties for filing electricity resource and transmission planning information. In adopting these forms and instructions, the Energy Commission is specifically requiring the relevant parties to file certain electricity supply information by March 1, 2005, and certain transmission planning information by April 1, 2005.

All large and medium-size load serving entities are directed to file the relevant information on uncertainties and risk by April 1, 2005. Medium size is defined here as a non-coincident peak retail load in California of 200 MW to 1,000 MW in either calendar year 2003 or 2004. Large LSEs are those with loads over 1,000 MW during those years. These supplemental instructions and errata will be brought to the Energy Commission for adoption.

## **Electricity Supplies**

Every Load Serving Entity (LSE) in the state with a peak retail load equal to or greater than 200 MW in either of the two calendar years prior to the filing date is required to file the electricity supply information requested on each form in accordance with the accompanying instructions.<sup>1</sup> For purposes of this filing requirement, LSE means every Investor-Owned Utility (IOU), Publicly Owned Utility (POU), Electric Service Provider (ESP), and Community Choice Aggregator (CCA) doing business in California. The electricity supply information is identified on the following forms, which are included with these instructions:

- S-1 Capacity Resource Accounting Table,
- S-2 Energy Balance Accounting Table,
- S-3 Generic Renewable Capacity and Energy Locations,
- S-4 Projected QF Energy and Costs, and
- S-5 Bilateral Contracts.

All LSEs that served peak retail loads of 200 MW or more in either 2003 or 2004 are required to file a written 10-year electricity supply plan with the information requested in the instructions below on Ten-Year Resource Plans. This information explains what is in each LSE's reference case.

## **When to File**

LSEs are asked to submit their Ten-Year Resource Plans by April 1, 2005. Material that is due on April 1, 2005 includes the following information:

- Ten-Year Resource Plans by all LSEs
- Electricity Supply Forms S-1 through S-5 by IOUs attached to their Preferred Resource Plans
- Electricity Supply Forms S-1 through S-5 by IOUs, LADWP, and SMUD for an Accelerated Renewable Resource Scenario

The following due dates were previously set on January 19, 2005, and are repeated here as a convenience to parties.

LSEs are asked to submit the following data by March 1, 2005:

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<sup>1</sup> The Energy Commission reserves the right to request filings from power pools whose members, in aggregate, have a non-coincident peak load in excess of 200 MW.

- Electricity Supply Forms S-1 through S-5 for their reference case
- Hourly Generation Data from QF, Wind and Hydroelectric resources

LSEs have been asked to submit the following transmission-related information by April 1, 2005:

- Transmission Plans by all transmission-owning LSEs
- Transmission Project forms

### **Differential Reporting Requirements**

The information requested differs depending on whether the LSE is an Investor-Owned Utility (IOU), a municipal utility<sup>2</sup>, or an Energy Service Provider (ESP). This difference stems from different requirements imposed upon each class of LSE by the Legislature and state agencies, and materials created by each class in the course of doing business. IOUs are asked to submit information that is not requested from other LSEs, such as assessments about departing loads, extension of contracts for qualifying facilities (QFs), and how an adder for greenhouse gasses might be incorporated in the procurement process.

### ***Small Utility Exemptions***

For the 2005 *Energy Report*, small-sized LSEs will be exempt from filing a Ten-Year Resource Plan if they submit a letter to the Executive Director requesting this exemption. Small-sized LSEs will also be exempt from filing the requested forms (S-1 through S-5) on electricity supply resources if they make a request in writing for this exemption. However, these same LSEs are *not* exempt from filing transmission project plans. Small publicly-owned LSEs are asked to provide a copy of the latest annual report to their customers.

The terms Investor-Owned Utility and IOU refer to all six state-regulated corporations that provide bundled electricity service to retail customers in California. By definition, this includes:

- Pacific Gas and Electric Company (PG&E),
- Southern California Edison Company (SCE),
- San Diego Gas and Electric Company (SDG&E),
- PacifiCorp,
- Sierra Pacific, and
- Bear Valley Electric Service.

The three smallest IOUs are eligible to request the exemption described above. In practice, therefore, the Energy Commission anticipates that these instructions to

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<sup>2</sup> This term is intended to include irrigation and water districts and authorities, community choice aggregators, and power pools.

Investor-Owned Utilities will only apply to the largest three IOUs: PG&E, SCE, and SDG&E.

### ***Submittals and Due Date***

The information and assessments on uncertainties and risk must be submitted to the Energy Commission by April 1, 2005.

For all filings the electricity and transmission filings in support of the *2005 Energy Report*, parties are requested to submit a cover letter that identifies the contact name of the person who is responsible for the filings, and to enclose along with a diskette or compact disk containing:

- Data on specified forms
- Reports in Microsoft Word or Adobe Acrobat
- Hourly Generation Data in Microsoft Excel

Submit this information to:

California Energy Commission  
Docket Office  
Attn: Docket 04-IEP-01D  
1516 Ninth Street, MS-4  
Sacramento, CA 95814-5512

To expedite the review, comparison, and assessment process, an Excel template with data forms is available on request, and is posted on the Energy Commission website. While this template is the preferred format, participants may provide these results in a different format as long as the equivalent information is provided timely and clearly labeled.

General questions about either the forms or instructions should be directed to Al Alvarado at [aalvarad@energy.state.ca.us](mailto:aalvarad@energy.state.ca.us) or (916) 654-4749.

More specific questions may be directed to other staff:

IOUs	David Vidaver	<a href="mailto:dvidaver@energy.state.ca.us">dvidaver@energy.state.ca.us</a>	(916) 654-4656
POUs	Jim Woodward	<a href="mailto:jwoodwar@energy.state.ca.us">jwoodwar@energy.state.ca.us</a>	(916) 654-5180
Transmission	Mark Hesters	<a href="mailto:mhesters@energy.state.ca.us">mhesters@energy.state.ca.us</a>	(916) 654-5049
Scenarios	Karen Griffin	<a href="mailto:kgriffin@energy.state.ca.us">kgriffin@energy.state.ca.us</a>	(916) 654-4833
Confidentiality	Fernando DeLeon	<a href="mailto:fdeleon@energy.state.ca.us">fdeleon@energy.state.ca.us</a>	(916) 654-4873

### ***Confidentiality***

Certain categories of data submitted to the Energy Commission can automatically be designated as confidential. The types of data that are eligible for this designation, and the process for obtaining this confidential designation, are specified in Section 2505(a)(5) of the Energy Commission's regulations (found in Title 20 of the California Code of Regulations).

If a filer believes that data should be confidential even though it is not included in one of these categories, the filer should submit an application to designate the data as confidential. The Executive Director will review the application and make a determination about the confidential status of the data. In addition, filers should be aware that Energy Commission staff may aggregate and disclose some confidential data. Both historic and forecast energy sales data may be disclosed if reported at the following levels:

- For individual ESPs, data aggregated at the statewide level by major customer sector;
- For the sum of all ESPs, data aggregated at the service area, planning area, or statewide levels by major customer sector;
- For the total sales of the sum of all electric retailers, data aggregated at the county level by major generator, utility, and electric service provider groups as these groups are defined by the U.S. Census Bureau in their North American Industry Classification System (NAICS) and Standard Industrial Classification (SIC) tables.

## Ten-Year Resource Plans

This section of the forms and instructions (pp. 53-59 of January 2005 Forms and Instructions for the Electricity and Bulk Transmittal Data Submittal, Publication Number CEC-100-2005-002-CMF) ~~provided~~ provides the Energy Commission staff proposal for additional information relating to key scenarios and uncertainties that LSEs will be required to file by April 1, 2005. ~~As discussed above, the The Energy Report Committee plans to hold~~ held an additional workshop on February 15, 2005 to review this proposal for additional information. The Committee has revised staff's proposal as shown in the redline/strikeout edits below, and ~~Following that workshop, the Committee will issue an order that~~ directs the relevant parties to file that this additional information by April 1, 2005. ~~, including additional direction or revisions and errata to these forms and instructions that are necessary. The Committee's Order will be brought back to the Energy Commission for adoption. These revised information requirements will be considered for adoption by the full Energy Commission at the March 2, 2005 business meeting.~~

### **Reference Cases, Costs, and Scenarios**

All LSEs that served peak retail loads of 200 MW or more in either 2003 or 2004 are asked to submit a 10-year electricity supply plan. The Capacity Resource Accounting Table (Form S-1) and the Energy Balance table (Form S-2) are essential components of this 10-year plan. The Energy Commission asks each LSE to prepare a "reference case" which includes the numbers on Form S-1 and S-2. This reference case is a resource plan that "assumes away" numerous uncertainties. For example, in the reference case, IOUs are asked to assume that Direct Access (DA) load that they no longer serve will continue to be served by other providers, and that no current bundled customers take DA service.

This reference case narrative should include assessments of the major uncertainties which influence resource planning decisions, along with some discussion of their actual influence on the reference case resource plan.

The IOUs are asked to submit their preferred resource plan in addition to the reference case. The preferred resource plan includes a narrative section discussed herein, and a full set of electricity supply forms (S-1 through S-5) that incorporate the preferences, assessments, strategies, and judgments of the IOU. For example, the instructions for the reference case ask IOUs ~~in~~ to include certain assumptions about departing load, energy efficiency, and renewable energy procurement. If an IOU prefers to use a different target (or a different range of numbers) in its resource plan, then those metrics should be explained in the narrative of the preferred resource plan. The preferred numbers should be used on a second set of forms.

All municipal utilities are requested to submit the most recent annual report to their customers pursuant to Public Utilities Code Section 387(b).

## Resource Plan Costs

The Energy Commission asks IOUs to provide estimates of the annual costs of meeting load obligations for the reference case resource plan. This should be the “all-in” generation cost, plus the transmission and delivery cost. These costs should include but are not necessarily limited to the variable costs of operating utility-owned generation, contract costs, and the net revenue from activity in wholesale markets. If an IOU is submitting a preferred resource plan along with a reference case, then the IOU is asked to provide annual cost estimates of the preferred resource plan as well as the reference case.

For all LSEs, any additional, significant and quantifiable costs which facilitate comparisons between the reference case resource plan and additional scenarios should also be presented. Significant costs whose determination is beyond the scope of analysis requested should be discussed.

In providing their projections for both the reference case and the accelerated renewables scenario, the IOUs, LADWP and SMUD should describe the potential cost (direct costs, additional transmission, etc.) to ratepayers of meeting these RPS goals. These LSEs are also asked to describe barriers which are limiting their ability to implement RPS policies, including barriers to achieving specific RPS targets. These LSEs are asked to explain what might be done to reduce, overcome, or better assess each such barrier. IOUs are asked to discuss how procurement of additional intermittent resources could affect or impact the remainder of its portfolio.

## Accelerated Renewables Scenario

In its 2004 *Energy Report* update, the California Energy Commission adopted the following recommendations for achieving ambitious renewable energy goals:

The state should enact legislation to require all retail suppliers of electricity, including large publicly-owned electric utilities, to meet the accelerated 20 percent eligible renewable goal by 2010 and a longer-term goal of 33 percent by 2020, using common definitions of eligible renewable energy. In addition, the state should enact legislation that allows the CPUC to require Southern California Edison (SCE) to purchase at least one percent of additional renewable energy per year between 2006 and 2020, reaching 25 percent by 2010, 30 percent by 2015 and 35 percent by 2020.

In order to assess the implications of the recommendations for this new legislation, PG&E, SDG&E and the two largest publicly-owned electric utilities (LADWP and SMUD) should provide an alternate case that has 28 percent of retail sales served by eligible renewable energy<sup>3</sup> by 2016 (28% is the 2016 value for the 33% by 2020 target). Southern California Edison is asked to provide and assess a scenario that has 31 percent of retail sales served by eligible renewable energy by 2016.

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<sup>3</sup> Public Utilities Code Section 399.12 (a)(1-4).

All the LSEs named above are expected to provide a plausible projection of the technologies and locations (using forms S-1, S-2 and S-3) for generic renewable resources that would be needed to meet the requirements in this scenario.

### **Local Reliability Areas Scenario Assessment**

The IOUs are asked to present a scenario an assessment in which they procure sufficient resources in the ISO's Local Reliability Areas to meet local deliverability requirements. While these requirements have yet to be determined, a reasonable starting point would be to assume that in 2006 the IOUs would contract with those resources under RMR contract in 2005 and would continue to do so until and unless (a) transmission upgrades reduce the need for capacity and generation, or (b) the utility constructs new capacity in the LRA or enters into a long-term PPA with same.

This scenario assessment requires that the IOUs make projections regarding the construction of new capacity in local reliability areas in their service territory. The incentive for IOUs to build or contract with such capacity depends in part upon the expected costs of contracts with existing resources; the annual fixed revenue requirements as stated in the 2005 RMR contracts should be used to inform those estimates.

The IOUs are also asked to discuss the transmission implications and options of this requirement, *i.e.*, what upgrades to bulk transmission would be needed to assure local reliability through non-local resources. For example, SDG&E should discuss the potential for new geothermal generation to support reliability in the San Diego area. SDG&E is asked to describe the current interconnections with Mexico and Imperial Valley and conditions which could limit access to renewable resource development in these areas. SDG&E is also asked to describe potential bulk transmission projects and discuss potential barriers to improving these interconnections.

IOUs are asked to discuss the impact of these local reliability procurement constraints on the costs of meeting load obligations. These constraints may ~~not only~~ encourage the construction of new facilities, but and they may encourage transmission upgrades which eliminate or reduce the need for capacity within the Local Reliability Area (LRA). In short, the IOUs are asked to compare the cost of contracting with existing resources, building a new resource in the LRA, and increasing the transfer capability into the LRA.

### ***Topics of Special Concern***

#### **Potential Impact of a GHG Adder on Bid Evaluations**

The CPUC decision (D.04-12-048) of December 21, 2004 in R.04-04-003 requires that the IOUs apply a greenhouse gas (GHG) adder to bids received in response to future solicitations for energy and capacity, as well as to consider GHG emissions in

their long-term planning process. The value of the GHG adder is to be determined in R.04-04-025 in March 2005. The GHG adder is a proxy for financial risk exposure from future carbon emission costs that might be imposed by regulations such as a cap and trade system of emission credits.

IOUs are asked to submit a discussion of the potential obstacles, benefits, and impacts of using GHG adders to influence future procurement choices. IOUs are asked to discuss how an adder for carbon dioxide emissions might be used, and to suggest a methodology for incorporating the adder into the procurement evaluation process. ~~to incorporate externality costs global warming that can be associated to fossil fuel use~~ A reasonable range of values should be discussed, from at least \$7/ton CO<sub>2</sub> to as much as \$25/ton.

### **QF Extensions**

The IOUs are asked to assess potential impacts of extending all or nearly all QF contracts for the duration of the planning period. This scenario assessment is an alternative to the individual IOU assumptions about QF renewals in their reference case, for which the IOUs are asked to submit estimates of future QF generation costs. The IOUs are not asked to estimate cost differences between their reference case and the blanket QF renewal scenario case. The IOUs are mainly asked to indicate how future resource procurement might be affected given continued purchase of must-take energy from all existing QF resources.

### **Sensitivity to Natural Gas and Wholesale Electricity Prices**

The Energy Commission requests that the IOUs provide the natural gas and wholesale electricity price estimates used in their analyses. IOUs are also asked to submit the information on natural gas and wholesale electricity price forecasts used in simulations. Wholesale electricity price estimates should be consistent with said gas prices. Natural gas prices should be based on current forward prices in the near-term, but may, at the utility's discretion, be based on a fundamentals model over the longer-term. Should such a model be used, any significant differences between forecasted prices and those indicated by current forward prices and their extrapolation should be explained. Should an IOU use yet another methodology for determining long-run gas prices, it should be explained in documentation which accompanies the price forecast.

The IOUs are asked to provide an estimate of long-run changes in natural gas and wholesale electricity prices, and how these two indices may affect the cost of meeting their load obligations. Bounding estimates should be based on prices in the tenth and ninetieth percentiles. The resulting effects on assumed wholesale electricity prices should reflect appropriate input price elasticities.

## ***Major Uncertainties and Risk Analysis***

The Energy Commission asks LSEs to provide narrative and qualitative assessments of how major uncertainties would impact either their reference case or their preferred resource plan. Each LSE should identify and list individual uncertainties that result in significant risk or opportunity. The major uncertainties to address are those affecting forecast loads, wholesale energy prices, and LSE resource portfolios.

For example, the IOUs are asked to assess uncertainty in electricity supplies from the state's nuclear facilities. The CPUC is currently considering applications to approve replacement of the steam generators at Diablo Canyon and the San Onofre Nuclear Generating Station. The IOUs are asked to assess the possibility these baseload resources may face early retirement or prolonged scheduled outages. IOUs are asked to describe the desirable characteristics of the resources that would be needed to replace what these facilities now provide in terms of baseload capacity and energy, ancillary services, transmission support, grid stability, and local reliability.

Similarly, SCE is asked to assess the possibilities and uncertainties of returning Mohave Generating Station to service as early as 2010, and what the potential portfolio impacts would likely be. Many of these uncertainties follow from decisions yet to be made, decisions that are largely regulatory, legal, financial, political, or managerial. The primary intent of this assessment is to identify individual and collective supply resources considered most likely to be available in future years.

For each of these major uncertainties, LSEs are asked to calculate a set of individual sensitivities, much like the previous descriptions of scenarios. LSEs are not being asked to calculate sensitivities that address multiple uncertainty inputs, or to model all possible combinations of input uncertainties. This is not a requirement to conduct an integrated risk analysis that would address the sensitivities and probabilities of all uncertainties simultaneously. LSEs should focus on how their long-term resource plans can accommodate many different outcomes other than those forecast values specified or assumed on the CRATs and Energy Balance tables.

Each LSE is expected to evaluate risk according to its own unique positions, obligations, and strategies. Major uncertainty factors for most LSEs probably include proposed legislation, pending regulatory decisions, financial market requirements, and changes to California's energy markets. IOUs are expected to provide more risk analysis partly because they will be filing both a reference case and a preferred resource plan, and partly because they face greater uncertainty from the state's regulatory environment than other LSEs.

Numerous uncertainties, risks, and scenarios are involved with long-term resource planning. The following outlines reflect thinking of Energy Commission staff about key sources of uncertainty. These risks, and the management strategies to address those risks, will vary considerably among LSEs.

## **Core/Non-core – Departing Load**

One of the largest uncertainties facing the state’s IOUs is how future load obligations will be affected by policy decisions related to core/non-core, community choice aggregation, and municipalization. If IOUs procure supply resources in excess of those ultimately needed by IOU bundled customers, there may be a need to sell surplus energy in a buyers’ market, or to dispatch utility-controlled capacity resources in a less efficient manner. Reducing or managing this risk in the face of load uncertainty may require a portfolio of resources with diverse durations.

IOUs are asked to evaluate a scenario under which IOU load falls as a result of future core/non-core policy decisions. The Energy Commission proposes that the IOUs submit a “low load” resource plan assuming 75% of customers with peak demand of 500 kW<sup>4</sup> or more will depart during 2009 – 2012 (30% in 2009, 15% in each of 2010 – 2012). Should an IOU believe that another Core/Non-core scenario provides additional information regarding the risks that it faces, it is encouraged to provide and evaluate that scenario.

An IOU may believe the straw man assumptions about load that departs to ESPs, CCAs, and Publicly Owned Utilities does not accurately reflect the risks and costs of over-procurement. If so, the IOU should explain this reasoning in the narrative report.

LSEs may have a residual obligation to serve customers who have or will depart from bundled service. LSEs may be the provider of last resort in cases where a Community Choice Aggregator or ESP becomes insolvent or incapable of delivering contractual supplies. LSEs are asked to identify how this possibility affects their resource planning, and to estimate what the risk premium costs might be for this implicit customer service responsibility.

## **Quantitative Analyses of Uncertainty**

The foregoing subsections have discussed key uncertainties that the Energy Commission believes must be assessed. The nature of the assessment that makes the most productive use of parties’ resources is less clear. The Energy Commission does not believe all of these uncertainties merit a complete simulation of how resource plans might be implemented, optimized, and hedged to guard against costly risks. Some uncertainties could substantially impact how reference case resource plans are implemented, and therefore merit a more integrated analysis. Other uncertainties with less potential impact may be illuminated with more simplistic sensitivity studies.

These instructions do not purport to address how the quantitative assessment of uncertainty of supply and demand should be addressed. Each LSE addresses uncertainty and risk according to its own obligations, positions, strategies, assessments, and decision criteria. A common set of assumptions and expectations

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<sup>4</sup> It is assumed that individual customers at different sites will not to be allowed to aggregate their loads in order to reach the threshold of 500 kW.

could be developed in order to provide input to the determination of what assessment techniques could or should be used. Greater clarity is needed about what must be decided and by whom so that policy and regulatory decisions can be made with smoother integration and less overlap. Greater understanding and consensus is needed about how decision criteria can incorporate risk assessments, including weighing of attributes that may be suitable and appropriate for tradeoffs. Energy use clearly affects environmental health, public health, and economic health. How tradeoffs might be made involving reliability, rates, and environmental performance, however, is much less certain. How costs in these three areas might be quantified in support of policy-making is far less clear. Once alternative assessment techniques are better understood, the range of likely benefits and the all-in “costs” of deploying various supply and demand strategies and preferences may appear suitable for quantitative analysis.

### ***Major Transmission Upgrades***

The reference case should include an assessment of transmission constraints that may adversely affect the ability of delivering planned resources to forecast loads. IOUs are asked to submit information on how desired upgrades to the bulk transmission system would affect their preferred resource plans.

If the reference case submitted by an LSE assumes an upgrade to the bulk transmission grid that has yet to receive regulatory approval, the Energy Commission also requests submittal of a modified version of the same resource plan without the upgrade. Essentially this means a “with and without” analysis. The reference case analysis should detail the changes in the direct costs of meeting load and reserve obligations that the upgrade makes possible, assess any additional benefits that the upgrade may provide, and explicitly state the changes in assumptions (e.g., import capability and quantities, changes in wholesale prices) in the two cases.

At the February 15, 2005 workshop, SCE stated that it did not intend to provide separate cases with and without the Devers-Palo Verde II project. While this project has now been approved by the board of the California Independent System Operator, SCE is directed to provide cases both with and without this project. These cases will provide important information that will bolster timely consideration of the project at the CPUC.

### **Deliverability**

Effective resource planning requires that energy generated by projected resources be deliverable to load; the requirement that the IOUs evaluate deliverability in their long-term procurement filings was imposed in R.04-04-003.<sup>5</sup> Accordingly, the Energy Commission intends to request information from the IOUs and ESPs on their projected

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<sup>5</sup> See, for example, the Interim Order Regarding Electricity Reliability Issues dated June 28, 2004.

ability to meet expected peak loads given both inter- and intrazonal transmission constraints.

The ongoing resource adequacy and procurement proceedings at the CPUC have yet to resolve how deliverability is to be evaluated; it is therefore not possible to fully determine which resources are deliverable to load. This makes it difficult to determine what data and analysis is necessary to provide policymakers with useful information regarding deliverability.

The Energy Commission could simply request load forecasts and resources within the relevant ISO local reliability areas from each of the IOUs and ESPs, but this may not provide a complete set of useful information. Some deliverability concerns arise from intrazonal transmission constraints that are not associated with local reliability areas. These may require projections of loads and available resources within areas that remain to be defined.

The Energy Commission proposes revisiting this issue at such time that consultation between the Energy Commission, CPUC, ISO, and IOUs can provide additional direction regarding the procurement constraints that need to be met by the IOUs to ensure local reliability, as well as the data needed to assess whether a given resource plan meets local reliability requirements.

## Errata

The following changes, shown in redline/strikeout mode, are made to the forms and instructions adopted on January 19, 2005. These errata address specific mistakes and concerns raised by the staff of various LSEs as they worked to complete the forms.

page 19:

### Supply Form S-1: Dependable Capacity Resource Accounting Table (MW)

#### *Dispatchable Load Management Programs*

##### **Line 51 Total Capacity with I/E and UDDR**

To determine the amount on line 51, take the amount on line 48 (interruptible/emergency programs), ~~subtract~~ add line 49 (uncommitted dispatchable demand response), and then ~~subtract~~ add line 50. This amount is the LSE's total dependable capacity including all interruptible, emergency, and dispatchable demand response programs.

page 29:

### Supply Form S-2: Summary of Energy Resources (GWh)

#### *Utility-Controlled Hydroelectric Resources (1-in-2)*

##### **Line 19 Total Hydro Energy Supply**

To determine the amount on line 19, add lines 15 and 16 together, ~~and subtract line 17~~. This amount is the total ~~dependable "dry year"~~ median year energy supply from hydroelectric resources under LSE control.

page 45:

### Supply Form S-4: QF Energy and Cost Projections

#### **Annual Energy Costs**

Enter the estimated energy payments under the contract for the year indicated. The number should represent total dollar costs for all energy purchases shown in the previous column. Indicate if real or nominal values. If real values are used, provide the base year. If nominal, provide the deflator series in notes appended to the form. If an LSE has more than 50 QF contracts, the variable costs for energy may be aggregated on a single form reporting forecast annual energy costs. (On the S-4 form, the sixth column labeled "Contract Energy" was included in error, and may be deleted.)

### Annual Fixed Costs

Enter the estimated capacity payments and other fixed payments under the contract for the year indicated. The term “fixed costs” is meant to include all non-energy payments, such as ancillary services. Some “fixed cost” payments may be based on actual performance and thus are not truly “fixed” as immutable givens. Enter a dollar amount for the entire year based on expected performance for each QF contract. For aggregated contracts by fuel type, provide a total estimate of fixed costs that the LSE considers reasonable. If QF contracts do not distinguish between capacity and energy payments, or between fixed and variable costs, then the LSE is asked to make a reasonable estimate of value for dependable capacity of the QF resource, and to distinguish this capacity value from the QF energy to be supplied. Estimated annual fixed costs for QF contracts that individually provide less than 10 MW of dependable capacity may be aggregated to a single annual number for groups of eligible renewable, cogeneration, and other QF resources.

page 47:

## Supply Form S-5: Bilateral Contracts

### Contracts Covered By This Request

For each and every bilateral contract that specifies supply of energy or capacity lasting at least three consecutive months, LSEs must provide the information described below and shown on Form S-5. There are ~~three~~ four exceptions to this requirement:

- QF contracts
- DWR contracts
- Contracts between California IOUs and public utilities for the integration of hydro resources (e.g., a PG&E hydropower contract with Nevada Irrigation District).
- If an LSE has more than 50 bilateral supply contracts, the essential data on individual contracts from the same Supplier may be aggregated on a modified S-5 Bilateral Contracts forms. When data on several contracts from the same Supplier is aggregated, the individual contract data on Start Date, Expiration Date, Delivery Points, and Termination/Extension rights will no longer required or relevant.

For this modified S-5 form to report aggregated contract supplies, the most important data categories to report are monthly Dependable Capacity and Delivery Zone (e.g., CA ISO zone). The description of Contract Product(s), Contract Pricing (e.g., fixed price/tolling agreement), Availability, Must Take, Firm, Dispatchable, and Unit Contingent attributes should be described in standardized categories, stating the actual megawatts of dependable capacity of each type in the supply portfolio. The three most common boilerplate Performance Requirements are also requested.

